

INFO	LOG-00	EEB-00	AGRE-00	AID-00	CIAE-00	COME-00	INL-00
	DNI-00	DODE-00	DOEE-00	DOTE-00	PDI-00	E-00	FAAE-00
	UTED-00	VCI-00	FOE-00	H-00	TEDE-00	INR-00	IO-00
	LAB-01	L-00	MOFM-00	MOF-00	VCIE-00	NRC-00	NSAE-00
	OES-00	OMB-00	NIMA-00	EPAU-00	PM-00	MA-00	P-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	FMP-00
	BBG-00	EPAE-00	IIP-00	SCRS-00	PMB-00	PRM-00	DRL-00
	NFAT-00	SAS-00	FA-00	SWCI-00	SEEE-00	SANA-00	/001W

P 021436Z SEP 09
 FM AMEMBASSY PORT AU PRINCE
 TO SECSTATE WASHDC PRIORITY 0333
 INFO HAITI COLLECTIVE PRIORITY
 AMEMBASSY SANTO DOMINGO

UNCLAS PORT AU PRINCE 000770

STATE FOR WHA/EX AND WHA/CAR
 S/CRS
 SOUTHCOM ALSO FOR POLAD
 STATE PASS AID FOR LAC/CAR
 INR/IAA
 WHA/EX PLEASE PASS USOAS

E.O. 12958: N/A
 TAGS: [ECON](#) [ENRG](#) [EAID](#) [EAGR](#) [EINV](#) [ETRD](#) [BEXP](#) [HA](#)
 SUBJECT: HAITI ECONOMIC WEEKLY UPDATE FOR AUGUST 24 TO AUGUST 28,
 2009

¶1. (U) Summary. This is a weekly report on a variety of topics of interest which do not merit full reporting cables. End summary.

Minimum Wage -----

¶2. (U) The Minimum Wage compromise suggested by President Preval (HTG 125, about USD 3.00, per day for workers in the apparel assembly sector) was accepted by the Chamber of Deputies on Tuesday, August 25, apparently ending the impasse over the original HTG 200 (USD 5.00) per day legislation passed by Parliament in May. Preval's proposal was vehemently opposed by about two dozen deputies, who boycotted the session, and must next be voted on by the Senate.

Budget -----

¶3. (U) The Prime Minister, along with her Minister of Finance and Minister of Planning, appeared before Parliament's Lower House to defend her government's draft budget presentation. The main topic of interest was the GoH decision to exclude the so-called "14th month" bonus for civil servants from the FY10 budget. (Note: the bonus has traditionally been paid during the weeks leading up to the start of the school year to offset parents' expenses. End note.) In addition to their demand to include the bonus in the FY10 budget, some deputies took the opportunity to accuse the government of mismanagement of PetroCaribe Fund monies, some USD 200 million, used for post-hurricane relief operations at the beginning of FY09. The long-awaited report of how these GoH funds were used has still not been issued.

Price Increases -----

¶4. (U) Fuel prices increased on the local market after a double-digit decrease only two weeks ago. 95 octane gasoline increased 13 percent from HTG 164 to HTG 186 (USD 3.97 to USD 4.50) and 91 octane gasoline increased 14 percent from HTG 159 to HTG 181 (USD 3.85 to 4.38). The price of diesel rose by 13 percent from HTG 102 to HTG 115 (USD 2.47 to USD 2.78) and kerosene increased 12 percent from HTG 99 to HTG 111 (USD 2.40 to USD 2.68). The increase created a temporary fuel shortage when gas station owners refused to sell their stock until the new price was in effect.

¶5. (U) Beginning August 1, Electricite D'Haiti (EDH) raised the rates for electricity in Port-au-Prince. The basic rate doubled for

private households and the commercial and industrial sectors. EDH nearly tripled rates for GoH institutions (both public and private, i.e. Central Bank). The percentage change depends on the number of kw/h consumed.

Remittances

¶16. (U) Canadian credit union Caisses Populaires Desjardins is creating a network with Haitian credit unions to more efficiently transfer remittances to Haiti.

¶17. (U) FY09 remittances through the month of July totaled USD 816.8 million, down 2.4 percent from the same period last year. Remittances for July were USD 75.7 million, down by 10 percent from June. This decrease reflects seasonal trends and the continuing impact of the U.S. recession.

Trade

¶18. (U) The Minister of Finance announced that regional trade tariffs will be gradually increased during FY2009-2010 to meet Caricom requirements.

¶19. (U) Nine months into FY09, total Haitian exports have increased by 10 percent over last year (totaling USD 387.8 million) and imports have decreased by 11 percent to USD 1.43 billion. The increase in exports reflects increases in both mango exports and HOPE II-related apparel exports.

Economic Indicators

¶10. (U) The exchange rate averaged HTG 41.3/USD for July 2009 up from HTG 39/USD in July 2008. Key factors include: 1) Decreasing remittances, which reduces the supply of dollars in the economy and 2) an increasing budget deficit, largely financed by the Haitian Central Bank. The gourde's depreciation will likely continue as other factors impact negatively: 1) recent street demonstrations; 2) resultant textile plant closures that disturbed sector activities may reduce revenues; 3) a minimum wage increase; and 4) increased household expenses and spending for school costs.

¶11. (U) The monthly CPI went up in July for the second consecutive month, with a 0.2 percent increase over June. On an annual basis, however, deflation continues, with an annual change of -2.5 percent (partly due to high levels of inflation last year).